

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Natwar M. Gandhi
Chief Financial Officer

NOV - 8 2004

The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia
Council of the District of Columbia
1350 Pennsylvania Avenue, NW, Suite 504
Washington, DC 20004

Dear Chairman Cropp:

Building a new baseball stadium at the RFK site could reduce the estimated cost from \$534.8 million at the Southeast location to about \$410.0 million, or roughly 23%. The attached table compares the costs at the two sites. The major differences are in land, infrastructure, and contingency costs. Land costs are reduced by about \$45 million. Infrastructure costs are reduced by about \$40 million and contingency costs are reduced by about \$12 million.


The debt service on \$410 million would be about \$26 million per year. This amount would require approximately \$21 million annually from a reliable tax source.

The following points are also important in considering the RFK site:

- The risk of not completing the stadium by 2008 is reduced compared to the Southeast site because the District does not have to purchase the RFK property. However, Congressional approval is required for constructing a new stadium at this site. The time required to obtain approval is difficult to estimate.
- There is the possibility of increased parking revenues available to the District based on 13,000 existing spaces versus the proposed 1,100-space garage. Because there would be more parking available at the RFK site, we expect more people will drive, even taking into account the loss of spaces due to the construction of the new ballpark. These spaces may result in additional parking revenue of up to \$2.5 million annually.

I am available to discuss these estimates with you at your convenience.

Sincerely,



Natwar M. Gandhi
Chief Financial Officer

Attachment – Comparison of Stadium Estimates

Comparison of Stadium Estimates (\$ in millions)

	Baseball Stadium Agreement Southeast Location	Office of the CFO Estimate Southeast Location	Office of the CFO Estimate RFK Location
1 New Ballpark	\$279.4	\$279.4	\$279.4
2 Land	65.0	65.0 ⁽¹⁾	20.0 ⁽⁵⁾
3 RFK	13.0	18.5 ⁽²⁾	18.5
4 RFK Additional Contingency	0.0	5.5	5.5
5 Parking	16.5	16.5	0.0
6 Infrastructure	0.0	50.0 ⁽³⁾	10.0
7 Cost Over-run (contingency)	21.3	51.3 ⁽⁴⁾	39.3 ⁽⁴⁾
8 Unestimated risk			
9 Conditions contained in agreements not yet drafted	0.0	n/a	n/a
10 Penalties for not completing stadium by 2008	0.0	n/a	n/a
11 Total Project Cost Estimates	\$395.2	\$486.2	\$372.7
12 Estimated issuance cost and reserves	39.5 ⁽⁶⁾	48.6 ⁽⁶⁾	37.3 ⁽⁶⁾
13 Total Cost	\$434.7	\$534.8	\$410.0

⁽¹⁾ Estimate of land cost does not include relocation and site remediation costs

⁽²⁾ The original RFK estimates assumed a summer start date. Renovations will not begin until November 2004. Much of the increase in cost is a result of the delayed start coupled with a fixed completion date of April 2005.

⁽³⁾ A variety of infrastructure needs warrant the \$50 million estimate. For example, the District Department of Transportation estimates that basic road improvements will cost \$15 million. If the Navy Yard metro station needs to be expanded, WMATA estimates the cost to be up to \$45 million. Since baseball is not the only reason for increasing the size of the station, the District should not have to pay the full expansion cost. These costs should be shared with the federal government and regional partners. Water and sewer costs cannot be estimated at this time. According to WASA the cost of relocation will be in the millions. In addition, relocation work will need to be coordinated with the stadium construction, which could add delays and result in unforeseen costs increases.

⁽⁴⁾ The District is responsible for all cost overruns which are not the result of changes requested by Major League Baseball. A conservative estimate is about 10% of potential construction cost overruns coupled with possible additional costs in other areas.

⁽⁵⁾ The RFK site requires land remediation due to lead. A study completed in 1994 estimated the lead remediation costs at \$8 million. EPA has increased standards for lead remediation since that time. Given inflation and the stricter standards we estimate remediation costs will be about \$20 million.

⁽⁶⁾ Estimated at 10% of total project costs.